

Attention Owners and Property Managers with HOME-Assisted Rental Projects

On July 24, 2013, HUD issued a new Final Rule for the HOME Investment Partnerships Program (HOME). Most of the new rule changes were effective August 23, 2013, but some of the changes do not become effective until 2014 or 2015. We strongly recommend that all owners and property managers overseeing HOME-assisted projects read the [2013 Final Rule](#) and the [Section by Section Summary](#). However, we've highlighted some of the significant changes that impact HOME-assisted rental housing currently in operations below, and will provide additional guidance as we receive further clarification from HUD. If you have any questions, please contact your Seattle Office of Housing asset manager.

New 2013 HOME Final Rule Requirements

Student Eligibility, effective 8/23/13

Under the new Rule, an individual does not qualify as a low-income family for a HOME-assisted unit if the individual is a student who is not eligible to receive Section 8 assistance under 24 CFR 5.612. The Section 8 Housing Choice Voucher program restrictions on student participation exclude any student that:

- a. Is enrolled as either a part-time or full-time student at an institution of higher education for the purposes of obtaining a degree, certificate, or other program leading to a recognized educational credential; and
- b. Is under age 24; and
- c. Is not a veteran of the U.S. military; and
- d. Is not married; and
- e. Does not have a dependent child(ren); and
- f. Is not a person with disabilities, as such term is defined in 3(b)(3)E of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(3)E) and was not receiving Section 8 assistance as of November 30, 2005; and
- g. Is not otherwise individually eligible to receive Section 8 assistance or has parents (the parents individually or jointly) who are not income eligible to receive Section 8 assistance.

See attached sample forms: ***HOME Student Eligibility Checklist*** and ***HOME Student Affidavit of Independence and Financial Statements***.

Initial Occupancy of Vacant Units, effective 8/23/13

If a rental unit remains unoccupied six months after date of project completion, Seattle Office of Housing is required to provide HUD information about current marketing efforts and, if appropriate, an enhanced plan for marketing the unit so that it is leased as quickly as possible. If a rental unit remains vacant after 18 months from date of project completion, HUD will require the PJ to repay all HOME funds invested in the unit. All HOME-funded rental housing units must be occupied by eligible low-income households.

New 2013 HOME Final Rule Clarifications

These are clarifications or expansions of existing HOME policies. We believe most, if not all agencies, are already abiding by these requirements.

Income Determinations, effective 8/23/13

Owners (and PJs) must examine at least two months of source documentation (e.g., wage statements, interest statements or unemployment compensation documentation) when determining household income for all household members. The applicable income definition for Office of Housing HOME-assisted projects is the Section 8 definition of income in 24 CFR Part 5.609.

Fees charged by Property Owners/Managers, effective 8/23/13

HOME-assisted project owners/managers are prohibited from charging fees to tenants that are not reasonable or customary, such as a monthly fee for access to pay laundry facilities. Allowable fees include reasonable application fees to prospective tenants, parking fees in neighborhoods where such fees are customary, and the cost of non-mandatory services such as meal or bus services.

Rent Review and Approval, effective 8/23/13

PJs are now required to review and approve or disapprove rents for each HOME-assisted rental project every year to ensure that rents comply with HOME limits and do not result in undue increases from the previous year. In the pre-2013 Rule, PJs were required to approve initial rents, provide published maximum HOME rents to project owners, and examine submitted annual reports. The new Rule requires PJs to expressly examine and approve or disapprove rents for each HOME-assisted rental project on an annual basis.

Leases Requirements for Rental Units, Prohibited Lease Terms, Duration of Leases and Termination of Tenancy, effective 8/23/13

The 2013 Final Rule clarifies existing policy that written leases are required for all households occupying HOME-assisted rental units. All HOME prohibited lease terms remain unchanged, but an additional prohibited lease term has been added. The 2013 Final Rule prohibits lease terms that require tenants to accept and/or participate in supportive services, with an exception for residents of transitional housing.

The lease term must be for a period of at least one year unless a shorter period is mutually agreement upon – this is not a new requirement but was clarified in the 2013 Rule. The new Rule also added a provision specifying that a tenant's failure to participate in any required supportive services of transitional housing is a permissible basis for terminating tenancy or refusing to renew a lease. Finally, an increase in a tenant's income does not constitute "good cause" for termination or refusal to renew a lease. The 30-day written notice to the tenant for lease terminations or non-renewal of the lease (only for "good cause") remains unchanged.

See attached sample form: ***HOME Program Lease Addendum***

New 2013 Final HOME Rule Requirements

(with delayed effective dates or where further clarification from HUD is needed before implementation)

Utility Allowances, effective 8/23/13

The new 2013 HOME Final Rule has made some changes to what Utility Allowances PJs can adopt and approve for HOME-assisted projects. There are some remaining questions as to how these new requirements are intended to be implemented. Office of Housing will contact project owners/property managers individually about these new HOME utility allowance requirements after we've received the necessary clarifications from HUD.

Property Standards & Inspections, effective dates 7/24/14 and 1/24/15

The new 2013 HOME Final Rule included several changes to property standards and on-site inspection requirements. These changes are not yet effective, and HUD has indicated they will be issuing additional guidance on these changes in the future. Office of Housing will provide additional information about these changes and owner requirements after we receive additional clarification from HUD.